

Financial Statements

Farmland Reserve UK Limited

For the Year Ended 31 December 2015

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Company No. 1332670
Charity No. 274605

Farmland Reserve UK Limited
Financial statements for the year ended 31 December 2015

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Company information

Trustees	D M Sleight T N Jones B M Conway
Company registration number	1332670
Charity registered number	274605
Registered office	Manor Farm Church End Wood Walton Huntingdon Cambridgeshire PE28 5YU
Company secretary	B J Garlick
Bankers	NatWest 92 High Street Huntingdon PE29 3DT
Solicitors	Devonshires 30 Finsbury Circus London EC2M 7DT
Independent Auditor	Grant Thornton UK LLP Registered Auditors Chartered Accountants The Colmore Building 20 Colmore Circus Birmingham B4 6AT

Report of the trustees and directors (incorporating the strategic report)

The Trustees, who are also directors for the purposes of the Companies Act of the company (The Charity), present their annual report together with the audited financial statements of Farmland Reserve UK Limited and its subsidiaries (The Charity and The Group) for the year ended 31 December 2015. The Trustees confirm that the financial statements of The Charity and The Group comply with the current provisions of FRS 102 and the Charities SORP 2015.

Objectives and activities

Objectives and principal activities

The object of The Charity is:

To promote and further the religious and other charitable work of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and elsewhere and to assist members and other persons who are in conditions of need, hardship, sickness and distress, to all ages and denominations.

The Charity will support charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, through the provision of sponsorship, grants or other financial or in kind contributions.

In 2012 the Trustees considered various alternatives, including donations to various charitable organisations within the UK and internationally. Trustees met with representatives of The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints ("CPB") regarding the possibility of making a significant donation to support CPB building projects for religious purpose buildings which CPB and the Church have approved in various nations. The Trustees reviewed the manner in which these projects were identified and approved by internal Church committees, the nature of the projects and their religious and charitable purposes, the infrastructure and controls that CPB has in place regarding the implementation of these projects, and the Trustees came to the conclusion that making a significant donation to CPB was consistent with the aims and purposes of The Charity. During 2012 it made the donation of £31.6m to CPB to be used for charitable purposes.

CPB identified a number of specific projects for implementation internationally in pursuit of its purposes to the success of which The Charity now has had the opportunity to contribute significantly.

Regular monitoring of the expenditure of this significant donation continued to occur during the life of the projects listed ensuring The Charity's objectives were met. The donated funds have now almost been spent and the Trustees are delighted with the outcomes.

Although the Trustees have decided to retain a portion of reserves for future possible agricultural land acquisitions, now the previous large 2012 donation has been spent, they intend to utilise a significant portion as a charitable grant in furtherance of The Charity's aims and purposes, which are to further the religious and other charitable work of The Church of Jesus Christ of Latter-day Saints.

The Charity will support charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, through the provision of sponsorship, grants or other financial or in kind contributions.

Public benefit

The Charity is a public benefit entity. The Trustees have read and given due regard to the guidance on public benefit published by The Charity Commission in exercising their powers and duties.

Report of the trustees and directors (incorporating the strategic report)

Achievements and performance

Achievements and performance of donations

The following is a summary of how the significant donation made in 2012 was planned to be spent, and its related expenditure to date. The Trustees receive a detailed report, which lists an expenditure status project by project and extends several pages, thus providing the Trustees with the detail and ability to review that the funds are being used in line with The Charity's objectives. The values are in US dollars as per the received report.

Building Category	Location	Planned	Actual expenditure to date
		\$	\$
Meeting Houses	Europe	5,672,940	8,084,918
	West Africa	4,988,159	2,823,542
	Southeast Africa	24,693,217	6,981,974
Cancelled	Southeast Africa	(16,436,447)	-
Substitutions	Southeast Africa	28,098,697	22,001,829
Church Education Facilities	Various	5,664,968	4,771,064
	Additional (Bel Grano, Argentina)	-	1,287,705
Temples	London	656,130	1,198,102
	Accra Ghana	3,349,587	3,461,192
TOTAL		56,687,251	50,610,326

The money has been put to use in the UK, elsewhere in Europe, Africa, South America and elsewhere in the world. The bulk of funds have provided new refurbished meeting houses for members of The Church of Jesus Christ of Latter-day Saints and others in the community to use for public religious worship and other community activities.

The Church of Jesus Christ of Latter-day Saints places a great emphasis on the importance of education and learning and \$6M has been spent on education projects in Argentina and elsewhere in the world. The money spent on education projects benefits both members and non-members of The Church of Jesus Christ of Latter-day Saints.

For members of the Church of Jesus Christ of Latter-day Saints, the Temple is considered the most sacred place to worship and a key part of their faith. Almost \$1.2M has been spent on the London Temple here in the UK, with over \$3.4M spent on the Accra Temple in Ghana.

Originally the planned total was \$50,019,284, however due to cancellations and substitutions in Southeast Africa, along with additional projects and revised Temple project estimates, the new planned total is \$56,687,251. The final project spend was \$50,610,326. The Trustees are pleased with how quickly the funds have been able to be put to use and feel this supports their original decision that CPB were organised in such a way with the necessary resources to be able to expedite the use of these funds much more efficiently than if The Charity itself had gone through the necessary process to achieve similar results.

Report of the trustees and directors (incorporating the strategic report)

Financial review

Financial results

Each year the Trustees carry out a detailed review of The Charity. They review the previous year's achievements and review and approve the budgets for next year.

The end of the year saw an excellent financial result based on strong financial management of The Charity and its subsidiary undertaking.

Incoming resources decreased from £6,993k in 2014 to £5,328k in 2015. Income from trading subsidiaries decreased to £5,149k (2014: £6,558k) and investment income to £103k (2014: £145k).

Costs were maintained within budget and decreased from £4,939k in 2014 to £3,939k in 2015. In 2012 a donation of £31,593k was made to CPB. No donation has been made in the current or prior year, but planning is already underway for another donation to be made during 2016.

Incoming resources exceeded resources expended for the year by £1,287k (2014: £1,819k).

Investment powers and policy

Under the Articles of Association, The Charity has the power to invest in any way the Trustees deem to be in the best interests of The Charity.

The Charity's investment objective is to maintain high liquidity while ensuring maximum security and achieving the highest possible return. This will help facilitate future farm acquisitions as listed in the future plans section of this Trustee Report.

To achieve this objective, The Charity by the year end had invested £33.4 million (2014: £43.7 million) of excess funds in an Instant Access Interest Bearing account with high security rating and achieved an average interest rate of 0.25% gross during 2015 (2014: 0.25% gross).

Investment income is recognised on a receivable basis.

Reserves policy

The Trustees have established the level of reserves (that is those funds that are freely available) that The Charity and its subsidiary company ought to have ready access to. Reserves are needed to bridge any funding gap between spending and receiving resources through shareholder grants and leasing of farmland.

The Trustees' policy is to hold, as a minimum, the equivalent of approximately 12 months' charitable expenditure of The Group in reserves.

The actual reserves of The Group at 31 December 2015 were £89,626k (2014: £88,339k) which is significantly above The Trustees' target due to retaining a portion for possible future agricultural acquisitions as part of its ongoing consolidation of land location efforts.

In addition, The Trustees wish to observe the successfulness of the previous large donation of £31,593k to the CPB in 2012 (which has now been reported as fully spent) by ensuring it meets The Charity's objective before making more funds available, and waiting until the completion of the donation use will also enable them to more effectively know where more funds may be needed.

It is The Trustees' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility.

The reserves policy is reviewed on an annual basis.

Report of the trustees and directors (incorporating the strategic report)

Structure, governance and management

Governing document

The Charity continues to be both a limited company and a registered charity. In conjunction with this, The Charity is governed by its Memorandum and Articles of Association which were last amended on 22 November 2011.

The purpose of The Charity as set out in the governing document as laid out in the Objectives and Activities section of this report, with the main activities undertaken in relation to those purposes.

Appointment of trustees

As set out in the Articles of Association, new or additional trustees are to be appointed by the shareholder (Farmland Reserve, Inc.) or by decision of the existing trustees, providing such persons are willing so to act either to fill a vacancy or as an additional trustee.

Trustee induction and training

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of The Charity. During the orientation day they meet key employees and other trustees. Trustees are updated and advised on legal issues by Devonshires solicitors.

Organisation

The sole shareholder of The Charity is Farmland Reserve, Inc. a non-profit corporation based in Utah, USA.

Direction is channelled to The Charity via the shareholder and is reflected in the various department budgets/plans which are reviewed by the Trustees annually.

Within this framework, the board of Trustees administers the affairs of The Charity. The Trustees monitor progress and achievements throughout the year and other trustee meetings are held as necessary.

Related parties

The Charity holds 100% of the share capital of its subsidiary company, AgReserves Limited.

Report of the trustees and directors (incorporating the strategic report)

Subsidiary undertakings

AgReserves Limited's principal activity continued to be that of arable farming and it operates a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology.

AgReserves Limited leases all of the farmland owned by Farmland Reserve UK Limited and then farms that land. The Trustees are mindful that the small and somewhat scattered nature of some of the parcels of land do lead to some labour and equipment inefficiencies. The Trustees believe that this weakness in the operations of the farms can be overcome by consolidating land holdings around one major farm centre in Cambridgeshire. This process of consolidation began in 2008 and has continued through to 2015.

The profit for the year of the subsidiary AgReserves Limited included in the statement of financial activities was a profit of £621k (2014: £801k).

Risk Management

The Trustees have assessed the major risks to which The Charity and The Group are exposed, in particular those related to the operations and finances of The Charity and The Group, and are satisfied that systems and procedures are in place to mitigate the exposure to the major risks.

Employees

The Charity has the policy of ensuring that its employees are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

- Applications for new positions in The Charity and The Group are invited from anyone with the relevant qualifications – the key emphasis is on their ability to meet the requirements of the position, although the application form does request the applicant to mention if they have any illness or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.
- The Charity utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition, there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of The Charity and The Group.
- In addition to the above points, The Charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long-term disability benefits from The Charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on the technical ability of each employee.

Report of the trustees and directors (incorporating the strategic report)

Reference and administrative details

Registered name and number

The registered name of The Charity is Farmland Reserve UK Limited. The Charity does not use any other names.

The charity registration number is 274605. The Charity is registered with the Charity Commission in England and Wales. The company registration number is 1332670.

Office

The principal and registered office address is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

Directors and trustees

The trustees who served during the year and subsequent to the year end and up to the date of signing the report were as follows:

D M Sleight
M E Knight (resigned 10 September 2015)
T N Jones
B M Conway (appointed 10 September 2015)

None of the trustees have qualifying third party indemnity insurance.

Funds held as custodian trustee on behalf of others

The Charity does not hold funds as custodian trustee on behalf of others.

Strategic Report

Principal risks and uncertainties

Financial risk and management

The main risk The Charity faces is that it relies on income from the leasing of all the farmland it owns to its subsidiary undertaking, although The Charity ensures that it has sufficient reserves to meet the needs of its charitable activities for the foreseeable future and has assurances of continuing support from the parent company.

Report of the trustees and directors (incorporating the strategic report)

Principal risks and uncertainties

Other forms of risks and the management of these risks are:

Price risk

Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

As part of the nature of agriculture the company is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the company to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

Credit risk

Credit risk on amounts owed to The Charity by its customers is low as the main debtor is AgReserves Limited which is a wholly owned subsidiary.

In view of the recent economic downturn The Group is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

Liquidity risk

The Group has no long-term borrowings. Assurances of continuing financial support have been received from the parent company.

Interest rate risk

The Group is able to place surplus funds on short term deposit with the charity's bankers. With the present banking interest rates being so low there is a risk that the company does not make the best use of surplus cash and therefore every effort is being made to review all options that would bring the highest rates possible.

Currency rate risk

Forward dealing facilities continue to be explored in regards to foreign currency accounts.

The Trustees have a risk management strategy which encompasses:

- An annual review of the risks The Charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the strategy; and
- The implementation of procedures designed to minimise any potential impact on The Charity should those risks materialise.

Report of the trustees and directors (incorporating the strategic report)

Key performance indicators (KPI)

To measure the effectiveness of The Charity's strategy and its implementation The Trustees have identified the following KPI's for The Group:

	2015	2014	2013	2012	2011
Profitability of farming operations	£1.6M	£1.8M	£3.0M	£1.7M	£2.9M
Resources expended on charitable activities	£0.4M	£0.3M	£0.3M	£31.9M	£7.1M
Unrestricted funds	£99.6M	£98.3M	£96.5M	£79.1M	£91.7M

Plans for future periods

The goals for 2016 include plans to:

1. Continue to enhance the profitability and efficiency of the farms through well-reasoned acquisitions and sales to achieve, over time, a concentration of land holdings around one major farm. Any future acquisitions will be funded from retained reserves or future sales.
2. Due to the success and now completion of the projects funded from the significant donation made in 2012, explore further opportunity to donate to CPB for further building projects that meet The Charity's objectives. This will occur through formal meetings between the Trustees and CPB.
3. To carefully monitor the balance of unrestricted funds while striving to achieve the concentration efforts identified in goal one, so that funds can be put to the use of The Charity's objectives as swiftly as possible.
4. Identify other charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, to support through the provision of sponsorship, grants or other financial or in kind contributions.

Report of the trustees and directors (incorporating the strategic report)

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Farmland Reserve UK Limited for the purposes of company law) are responsible for preparing the report of the trustees (incorporating the strategic report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

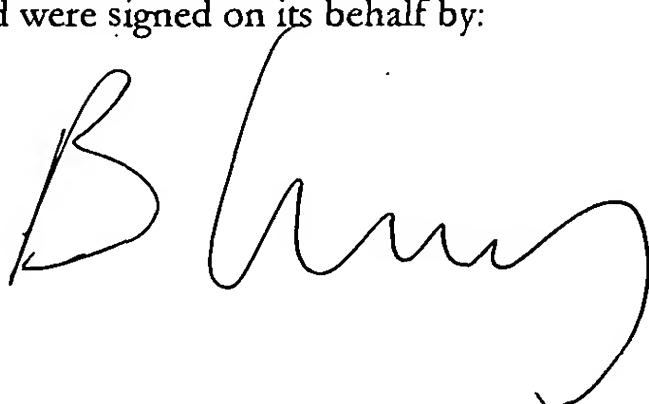
- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditors

Grant Thornton UK LLP are to be re-appointed as auditors to The Charity for the ensuing year.

The report of the trustees (incorporating the strategic report) was approved by the board of trustees on 22 September 2016 and were signed on its behalf by:

B M Conway
Trustee





Independent Auditor's report to the members and trustees of Farmland Reserve UK Limited

We have audited the financial statements of Farmland Reserve UK Limited for the year ended 31 December 2015 which comprise the consolidated and charity balance sheets, the consolidated statement of financial activities, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2015 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.



Grant Thornton

Independent Auditor's report to the members and trustees of Farmland Reserve UK Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the trustees and directors (including the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Kathryn Godfree
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: *26 September 2016*

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities (Incorporating the Income and Expenditure Account)

	Note	Unrestricted funds 2015 £'000	Total funds 2015 £'000	Total funds 2014 £'000
Incoming resources				
Income from:				
Other trading activities: Income from trading subsidiaries		5,149	5,149	6,558
Other		16	16	-
Investments		103	103	145
Profit on disposal of tangible fixed assets		60	60	290
Total incoming resources	4	5,328	5,328	6,993
Resources expended				
Expenditure on:				
Raising funds		-	-	-
Trading activities	5	3,544	3,544	4,625
Other	6	395	395	314
Total resources expended		3,939	3,939	4,939
Net income for the year before tax		1,389	1,389	2,054
Tax on trading activities	11	(109)	(109)	(233)
Net income for the year		1,280	1,280	1,821
Other recognised gains/(losses)		7	7	(2)
Net movement in funds		1,287	1,287	1,819
Reconciliation of funds				
Total funds brought forward		98,339	98,339	96,520
Total funds carried forward	24	99,626	99,626	98,339

All activities relate to continuing operations.

All the income and expenditure relates to unrestricted funds.

The statement of financial activities includes all gains and losses recognised in the year.

There is no difference between the results above and the unmodified historical equivalents for this period.

The notes on pages 17 to 36 form part of these financial statements.

Consolidated Balance sheet

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	12	7	-
Tangible assets	13	58,370	48,688
Investments	15	23	17
		<u>58,400</u>	<u>48,705</u>
Current assets			
Stocks	17	5,609	4,861
Debtors	18	1,852	1,042
Cash at bank and in hand		<u>34,371</u>	<u>44,330</u>
		<u>41,832</u>	<u>50,233</u>
Liabilities			
Creditors: amounts falling due within one year	19	(280)	(295)
Net current assets		<u>41,552</u>	<u>49,938</u>
Total assets less current liabilities		<u>99,952</u>	<u>98,643</u>
Provision for liabilities			
Deferred tax	20	(326)	(304)
Net assets		<u>99,626</u>	<u>98,339</u>
The funds of the Charity			
Unrestricted funds			
Share capital	23	10,000	10,000
Unrestricted income funds	24	89,626	88,339
Total unrestricted funds		<u>99,626</u>	<u>98,339</u>
Charity funds		<u>99,626</u>	<u>98,339</u>

The financial statements were authorised for issue and approved by the Trustees on 22 September 2016 and were signed on its behalf by:

B M Conway
Trustee

Charity Balance sheet

	Note		2015 £'000		2014 £'000
Fixed assets					
Tangible assets	13		94		68
Investment property	14		110,790		97,491
Investments	15		9,450		9,450
			120,334		107,009
Current assets					
Debtors	18	4,790		4,300	
Cash at bank and in hand		19,177		28,673	
		23,967		32,973	
Liabilities					
Creditors: amounts falling due within one year	19	(178)		(20)	
Net current assets			23,789		32,953
Net assets			144,123		139,962
The funds of the Charity					
Unrestricted funds					
Share capital	23	10,000		10,000	
Revaluation reserve	24	48,723		48,723	
Unrestricted income funds	24	85,400		81,239	
Total unrestricted funds			144,123		139,962
Charity funds			144,123		139,962

The financial statements were authorised for issue and approved by the Trustees on 22 September 2016 and were signed on its behalf by:

B M Conway
 Trustee

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	2015 £'000	2014 £'000
Cash flows from operating activities		
Surplus for the financial year	1,287	1,819
Adjustments for:		
Profit on disposal of fixed assets	(60)	(288)
Amortisation of intangible assets	1	-
Depreciation of tangible assets	840	796
Fair value movements	(7)	2
Interest received	(103)	(145)
Taxation	109	233
(Increase)/decrease in trade and other debtors	(824)	623
(Increase)/decrease in stocks	(748)	463
(Decrease)/increase in trade creditors	(15)	29
Income taxes paid	(72)	(495)
Net cash generated from operating activities	408	3,037
Cash flows from investing activities		
Sale of tangible assets	128	290
Purchase of tangible assets	(10,590)	(1,904)
Purchase of intangible assets	(8)	-
Interest received	103	145
Net cash used in investing activities	(10,367)	(1,469)
Net (decrease)/increase in cash and cash equivalents	(9,959)	1,568
Cash and cash equivalents at the beginning of year	44,330	42,762
Cash and cash equivalents at end of year	34,371	44,330

The notes on pages 17 to 36 form part of these financial statements.

Notes to the Financial Statements

1. Company information

Farmland Reserve UK Limited is a limited charitable company, incorporated in the United Kingdom, and the address of its registered office is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. This is the first year in which the financial statements have been prepared under FRS102. Refer to note 33 for an explanation of the transition.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The financial statements are presented in Sterling (£) and in round thousands (£'000).

2.2 Group financial statements

The financial statements consolidate the results of The Charity and its wholly owned subsidiary AgReserves Limited on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because The Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

All financial statements are made up to 31 December 2015. The consolidation has been prepared using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired are included in the Consolidated Statement of Financial Activities (SOFA) from the date of acquisition.

2.3 Going concern

The financial statements have been prepared on a going concern basis, despite forecasts not having been prepared for 12 months from the date of signing these accounts. The Trustees consider it appropriate to apply the going concern assumption given the significant cash balances and profits made by The Charity.

There are no material uncertainties about The Charity's ability to continue as a going concern.

2.4 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specific are to be solely used for particular areas of the charity's work or for specific projects.

Notes to the Financial Statements

2. Accounting Policies (continued)

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

2.6 Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Rental income is recognised on a straight line basis over the period of the lease.

Income from subsidiaries represents revenue recognised in respect of goods and services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from crop sales is recognised upon receipt of the goods by the customers. Whilst goods are in transit, the risk and reward of ownership remain with the company.

Single farm payments are receivable on an annual basis. The annual payment is recognised in the year the application applies to. Due to the regular variation in when payment occurs, this is recognised either by accrual or upon receipt of payment.

2.7 Operating leases – lessee

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the lease term.

2.8 Operating leases – lessor

Rental income is recognised on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the annual rental income equals the amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the income recognised over the lease term on a straight line basis.

Notes to the Financial Statements

2. Accounting Policies (continued)

2.9 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds: trading activities comprise the expenses of the trading subsidiary in undertaking its income generating activities.
- Other expenditure represents the expenses of the parent company in renting the tangible fixed assets. These expenses are not considered to be directly attributable to either costs of raising funds or charitable expenditure to further the charity's aims.

Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources. Direct charitable expenditure comprises expenditure directly relating to the objects of The Charity.

Governance costs incorporate those costs of governance arrangements which relate to the general running of The Charity as opposed to the direct management functions. The costs relating to these activities provide the governance infrastructure which allows The Charity to operate and to generate the information required for public accountability. An analysis of these costs is disclosed in note 7.

2.10 Allocation of support costs

Support costs are those functions that assist the work of The Charity but do not directly undertake charitable activities. Support costs include finance, professional and governance costs which support The Charity's activities. As there is only one activity in The Charity, the support costs have been allocated there in full.

2.11 Intangible fixed assets and amortisation

Intangible fixed assets represent purchased entitlements to receive the single farm payment subsidy. These are held at cost and amortised over their expected useful life of five years.

The amortisation charge is included within the expenditure on raising funds: trading activites line in the SOFA.

2.12 Tangible fixed assets and depreciation

Individual fixed assets costing more than £5,000 are capitalised at cost and depreciated over their estimated useful economic lives on a straight line basis as follows:

Freehold land	-	not depreciated
Plant and machinery	-	over 5 to 10 years
Land improvements	-	over 10 to 40 years
Equipment fixtures & fittings	-	over 5 to 10 years
Assets under construction	-	not depreciated
Farm houses and farm buildings	-	over 25 to 40 years

Notes to the Financial Statements

2. Accounting Policies (continued)

2.13 Investments

Fixed asset investments in listed securities are held at fair value and revalued annually with any gain or loss going to the Consolidated Statement of Financial Activities.

Investments in subsidiaries are valued at cost less any provision for impairment.

Investment property held by The Charity is measured initially at cost and subsequently at fair value at each reporting date, with the gain or loss on revaluation going to the charitable company's net surplus for the year.

2.14 Stocks

Agricultural produce is held under the cost model, being stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on an allocation of costs.

Cultivations and crop in store include labour and attributable overheads. Cultivations cost is determined on an overhead allocation basis. The cultivations are in the early stages of growth at the year end and therefore their market value cannot be determined.

Crop in store are valued at the lower of cost and net realisable value, with reference to market value and contracted future sales.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.16 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

The Charity's objective is to maintain liquidity of funds while ensuring maximum security and achieving the highest possible return.

2.17 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the Financial Statements

2. Accounting Policies (continued)

2.18 Derivative financial instruments

The only non-basic financial instrument transactions The Group enters into relate to forward foreign currency contracts, which result in the recognition of financial assets and liabilities. Derivative financial instruments are recognised at fair value through profit and loss, and are revalued to fair value at the end of each reporting period using a valuation technique. Any gains or losses are reported in the Consolidated Statement of Financial Activities. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

2.19 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that The Group would receive for the asset if it were to be sold at the reporting date. Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more or less taxation in future. An asset is recognised to the extent that the transfer of economic benefits in future is more likely than not. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities recognised are not discounted. This policy applies equally to subsidiary undertakings.

2.21 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

Notes to the Financial Statements

2. Accounting Policies (continued)

2.22 Pensions

The Group is party to a defined benefit scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans (see note 28). The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of contributions made during the year or accrued at the year-end (i.e. on a defined contribution basis), as required by FRS 102 in circumstances where The Group cannot identify with any degree of accuracy its share of the scheme assets and liabilities. The Charity provides no other past retirement benefits to its employees.

Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates.

The items in the financial statements where these judgments and estimates have been made include:

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of The Group's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on an overhead allocation basis. Net realisable value is determined by management with reference to market value, considering contracted future sales. Certain factors could affect the net realisable value of The Group's stocks, including customer demand and market conditions.

Tangible and intangible fixed assets

Depreciation and amortisation are provided on fixed assets based on the estimated useful economic life of those assets. This is based on management's knowledge of the business, assets and prior experience.

Investment property

The freehold land, farm houses and farm buildings owned by The Charity are recognised as investment properties in The Charity's own balance sheet, and revalued to fair value at each balance sheet date. The valuation is based on management's assessment of the market value of land and buildings held as investment property at the year end. It takes into consideration market reports and their knowledge of the property and the local market.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements

4. Incoming resources

Group	2015 £'000	2014 £'000
	Unrestricted funds	Unrestricted funds
Other trading activities: income from trading subsidiaries	5,149	6,558
Other	16	-
Investments – interest receivable from interest bearing bank accounts	103	145
Profit on disposal of tangible fixed assets	60	290
Total incoming resources	5,328	6,993

All turnover arose within the United Kingdom.

5. Analysis of expenditure on raising funds: trading activities

Activity or programme	Activities undertaken directly	Support costs		Total £'000	Activities undertaken directly	Support costs		Total £'000
		2015	2015 £'000			2014	2014 £'000	
Trading of subsidiary	3,544	-	3,544	3,544	4,625	-	-	4,625
Total	3,544	-	3,544	3,544	4,625	-	-	4,625

6. Analysis of expenditure on other

Activity or programme	Activities undertaken directly	Support costs		Total £'000	Activities undertaken directly	Support costs		Total £'000
		2015	2015 £'000			2014	2014 £'000	
Operating costs of parent company	366	29	395	395	292	22	314	314
Total	366	29	395	395	292	22	314	314

7. Governance costs

	2015 £'000	2014 £'000
The Charity only auditor remuneration	9	10
Subsidiary company auditor remuneration	13	12
Total	22	22

Notes to the Financial Statements

8. Net income for the year

Net income for the year is stated after charging/(crediting):

Group	2015 £000	2014 £000
Depreciation of tangible fixed assets owned by the charitable group	840	796
Auditor's remuneration – statutory audit	22	22
Auditor's remuneration - non-audit tax advisory services	4	4
Amortisation of intangible assets	1	-
Profit on disposal of fixed assets	(60)	(288)
Changes in the fair value of investments	(6)	2
Changes in the fair value of derivatives	(1)	-
Operating lease rentals - other operating leases	<u>16</u>	<u>17</u>

9. Staff costs

Staff costs for the Group are as follows:

	2015 £000	2014 £000
Wage and salaries	508	521
Social security costs	128	128
Other pension costs	<u>126</u>	<u>109</u>
	<u>762</u>	<u>758</u>

The average monthly number of employees of the Group during the year was as follows:

	2015 No.	2014 No.
Production and administration	<u>15</u>	<u>16</u>

The Charity does not have any employees. During both 2015 and 2014, no Trustees of The Charity received any remuneration, benefits in kind or reimbursement of expenses from The Charity, nor incurred any expenses.

10. Trustees' remuneration

Two trustees, who are also directors, received remuneration from the subsidiary company in relation to services provided as a director of the subsidiary company. This is disclosed in the subsidiary company's, AgReserves Limited, financial statements.

Notes to the Financial Statements

11. Taxation

As a registered charity, The Charity is entitled to certain tax exemptions on income and profits carried on in furtherance of The Charity's primary objectives if the profits and surpluses are applied solely for charitable purposes. Tax paid by the subsidiary company is reconciled below.

	2015 £000	2014 £000
Analysis of tax changes in the year		
Current tax		
UK Corporation tax charge on surplus for the year	130	237
Adjustments in respect of prior periods	<u>(43)</u>	<u>11</u>
Total current tax	<u>87</u>	<u>248</u>
Deferred tax		
Origination and reversal of timing differences	52	(14)
Effect of tax rate change on opening balance	<u>(30)</u>	<u>-</u>
Adjustments in respect of prior periods	<u>-</u>	<u>(1)</u>
Total deferred tax	<u>22</u>	<u>(15)</u>
Tax on surplus on ordinary activities	<u>109</u>	<u>233</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below.

	2015 £000	2014 £000
Surplus on ordinary activities before tax - AgReserves Limited	<u>730</u>	<u>1,036</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	148	223
Adjustments to tax change in respect of prior periods	(43)	10
Income not taxable for tax purposes	(2)	(1)
Other timing differences	3	-
Difference in tax rates	3	1
Current tax charge for the year	<u>109</u>	<u>233</u>

Notes to the Financial Statements

12. Intangible fixed assets

	Single farm payment entitlements	£000
Group		
Cost		
At 1 January 2015		315
Additions		8
At 31 December 2015		<u>323</u>
Amortisation		
At 1 January 2015		315
Charge for the year		1
At 31 December 2015		<u>316</u>
Net book value		
At 31 December 2015		<u>7</u>
At 31 December 2014		<u>-</u>

Amortisation of intangible fixed assets is included in expenditure on raising funds: trading activities.

13. Tangible fixed assets

Group	Freehold land £000	Plant and machinery £000	Land			Total £000
			improvements and fixtures & fittings £000	Assets in the course of construction £000	Farm houses & farm buildings £000	
Cost						
At 1 January 2015	37,703	4,284	418	-	10,505	52,910
Additions	9,226	387	-	32	945	10,590
Disposals	-	(290)	-	-	-	(290)
At 31 December 2015	<u>46,929</u>	<u>4,381</u>	<u>418</u>	<u>32</u>	<u>11,450</u>	<u>63,210</u>
Depreciation						
At 1 January 2015	-	2,206	98	-	1,918	4,222
Charge for the year	-	512	15	-	313	840
On disposals	-	(222)	-	-	-	(222)
At 31 December 2015	<u>-</u>	<u>2,496</u>	<u>113</u>	<u>-</u>	<u>2,231</u>	<u>4,840</u>
Net book value						
At 31 December 2015	<u>46,929</u>	<u>1,885</u>	<u>305</u>	<u>32</u>	<u>9,219</u>	<u>58,370</u>
At 31 December 2014	<u>37,703</u>	<u>2,078</u>	<u>320</u>	<u>-</u>	<u>8,587</u>	<u>48,688</u>

Notes to the Financial Statements

13. Tangible fixed assets (continued)

Charity	Equipment fixtures & fittings £'000	Assets in the course of construction £'000	Farm houses & farm buildings £'000	Total £'000
Cost				
At 1 January 2015	37	-	113	150
Additions	-	32	-	32
At 31 December 2015	<u>37</u>	<u>32</u>	<u>113</u>	<u>182</u>
Depreciation				
At 1 January 2015	32	-	50	82
Charge for the year	1	-	5	6
At 31 December 2015	<u>33</u>	<u>-</u>	<u>55</u>	<u>88</u>
Net book value				
At 31 December 2015	<u>4</u>	<u>32</u>	<u>58</u>	<u>94</u>
At 31 December 2014	<u>5</u>	<u>-</u>	<u>63</u>	<u>68</u>

14. Investment property

Charity	Investment property £'000
Valuation	
At 1 January 2015	97,491
Additions	10,117
Disposals	-
Revaluation	<u>3,182</u>
At 31 December 2015	<u>110,790</u>

The fair value of investment property is based on a valuation by management, determined with reference to market reports and management's knowledge of the property and the local market.

Notes to the Financial Statements

15. Investments

Group	Listed securities £000
Valuation and net book value	
At 1 January 2015	17
Fair value movement	6
At 31 December 2015	<u>23</u>

Charity	Shares in group undertakings £000
Cost and net book value	
At 1 January 2015 and 31 December 2015	<u>9,450</u>

Details of the subsidiary undertaking are included in note 16.

16. Principal subsidiaries

Company name	Country	Percentage shareholding	Description of activity
AgReserves Limited Company number: 2947030	England	100% ordinary share capital	Farming

A summary of the results and net asset position of AgReserves Limited is included below:

Assets and liabilities of subsidiaries

	2015 £000	2014 £000
Aggregate assets	24,741	23,654
Aggregate liabilities	(5,343)	(4,877)
Net assets	<u>19,398</u>	<u>18,777</u>

Notes to the Financial Statements

16. Principal subsidiaries (continued)

Net income of trading subsidiaries

	2015 £000	2014 £000
Turnover	5,277	6,661
Cost of sales	<u>(3,725)</u>	<u>(4,819)</u>
Gross surplus	1,552	1,842
Admin expenses	(928)	(906)
Other income	<u>67</u>	<u>49</u>
Operating surplus	691	985
Interest receivable and similar income	39	49
Taxation	<u>(109)</u>	<u>(233)</u>
Net income for the year	621	801
Consolidation elimination		
Rent payable to parent undertaking	1,108	1,099
Management fees receivable from parent undertaking	<u>(128)</u>	<u>(103)</u>
Net income of trading subsidiaries included in the Statement of Financial Activities	1,601	1,797

17. Stocks

	Group	
	2015 £000	2014 £000
Cultivations	2,690	2,149
Crop in store	<u>2,919</u>	<u>2,712</u>
	5,609	4,861

The amount of stock recognised as an expense during the year is £3,289k (2014: £4,759k).

An impairment loss of £880k (2014: £404k) was recognised in cost of sales against stock during the year due to damaged stock, and to ensure that stock is stated at the lower of cost and net realisable value.

Notes to the Financial Statements

18. Debtors

	Group	Charity		
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	940	881	-	-
Amounts owed by group undertakings	116	-	4,762	4,300
Corporation tax repayable	30	45	-	-
Other debtors	704	-	28	-
Prepayments and accrued income	61	116	-	-
Financial asset	1	-	-	-
	1,852	1,042	4,790	4,300

An impairment loss of £8k (2014: £1k credit) on trade debtors was recognised in expenditure on raising funds: trading activities against trade debtors during the year.

Amounts owed by group undertakings are interest free and repayable on demand.

19. Creditors: Amounts falling due within one year

	Group	Charity
	2015 £000	2014 £000
Trade creditors	67	48
Amounts owed to group undertakings	-	153
Taxation and social security	112	117
Other creditors	33	22
Accruals and deferred income	68	108
	280	295
	178	20

Amounts owed to group undertakings are interest free and repayable on demand.

20. Deferred taxation

	Group
	2015 £000
At beginning of year	(304)
(Charge)/released during for the year (P&L)	(22)
At end of year	(326)

The provision for deferred taxation is made up as follows:

	Group
	2015 £000
Accelerated capital allowances	(275)
Other short term timing differences	(48)
Derivative contracts	(3)
At end of year	(326)

Notes to the Financial Statements

21. Financial instruments

Group	2015 £'000	2014 £'000
Financial assets		
Derivative financial assets measured at fair value through income and expenditure	1	
Financial assets measured at fair value through income and expenditure	23	17
Financial assets measured at amortised cost	1,760	881
Cash and cash equivalents	34,371	44,330
	36,155	45,228

Financial liabilities

Financial liabilities measured at amortised cost	168	178
	168	178

Charity

Charity	2015 £'000	2014 £'000
Financial assets		
Financial assets measured at amortised cost	4,790	4,300
Cash and cash equivalents	19,177	28,673
	23,967	32,973

Financial liabilities

Financial liabilities measured at amortised cost	178	20
	178	20

Derivative financial assets measured at fair value through income and expenditure comprise the fair value at the year end of forward contracts for foreign currency. Two contracts were entered into in 2015 to sell €800,000 on 26 July 2016. The fair value at the year end has been determined with reference to the year end bank valuation. A gain of £1k has been recognised in the Statement of Financial Activities during the year.

Financial assets measured at fair value through income and expenditure comprise shares held in a listed investment. The fair value at the year end has been determined with reference to the year end market value. A gain of £6k has been recognised in the Statement of Financial Activities during the year.

Financial assets measured at amortised cost comprise trade and group debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

Notes to the Financial Statements

22. Reserves

Called up share capital

Share capital represents the nominal value of shares that have been issued. There are no restrictions attached to the one class of share capital.

Unrestricted income funds

Unrestricted income fund includes all current and prior period retained income & expenditure, which is without restriction as to its expenditure.

23. Share capital

	2015 £'000	2014 £'000
Authorised, issued and fully paid		
25,000,000 Ordinary shares of £1 each shares of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid		
10,000,000 Ordinary shares of £1 each shares of £1 each	<u>10,000</u>	<u>10,000</u>

24. Summary of funds movements

Group	Funds				
	1 January 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains & losses £'000	31 December 2015 £'000
Unrestricted funds					
Share capital	10,000	-	-	-	10,000
Unrestricted income funds	88,339	5,328	(4,048)	7	89,626
Total unrestricted funds	98,339	5,328	(4,048)	7	99,626

Charity	Funds				
	1 January 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains & losses £'000	31 December 2015 £'000
Unrestricted funds					
Share capital	10,000	-	-	-	10,000
Revaluation reserve	48,723	-	-	-	48,723
Unrestricted income funds	81,239	1,189	(524)	3,496	85,400
Total unrestricted funds	139,962	1,189	(524)	3,496	144,123

The funds are held for the purpose of furthering the aims of the charitable company.

There are no trust law restrictions imposed on the unrestricted funds.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

The net income for the year dealt with in the accounts of the parent charitable company was £4,161k (2014: £3,243k).

Notes to the Financial Statements

25. Analysis of net assets between funds

All the net assets of The Group are within the one unrestricted fund.

26. Analysis of cash and cash equivalents

	2015 £000	2014 £000
Cash at bank	<u>34,371</u>	44,330
Total cash and cash equivalents	<u>34,371</u>	44,330

27. Analysis of changes in net funds

	1 January 2015 £000	Cash flow £000	Other non- cash changes £000	31 December 2015 £000
Cash at bank and in hand	<u>44,330</u>	(9,959)	-	<u>34,371</u>
Net funds	<u>44,330</u>	(9,959)	-	<u>34,371</u>

28. Pension commitments

The group participates in a pension scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The group has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £126k (2014: £109k).

29. Operating lease commitments

At 31 December 2015 the group had future minimum lease payments under non-cancellable operating leases as follows:

Group	2015 £000	2014 £000
Expiry date:		
Within 1 year	8	4
Between 2 and 5 years	<u>8</u>	-
	<u>16</u>	4

Notes to the Financial Statements

30. Related party transactions

The immediate and ultimate parent company of The Group is Farmland Reserve, Inc., a company incorporated in the United States of America. This is the largest and smallest group of undertakings for which group accounts are drawn up.

The company has taken advantage of disclosure exemptions within FRS 102 and not included details of transactions with wholly owned group companies that are included in these consolidated accounts.

31. Capital commitments

The Group had no capital commitments at 31 December 2015 (2014: £nil.).

32. Financial risk management

The Group holds shares in a listed investment. The change in value during the year is due to changes in market conditions that give rise to market risk only.

The risks arising from financial instruments to which the entity is exposed at the year end are as follows:

Credit risk

In view of the recent economic downturn the company is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

Price risk

As part of the nature of agriculture the company is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the company to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

Market risk

The year end valuation, and resulting gain or loss in the Statement of Financial Activities, of financial instruments measured at fair value through income and expenditure, is subject to changes in the market value of the listed investment in which shares are held.

Notes to the Financial Statements

33. FRS 102

The charitable company has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

	As previously stated 1 January 2014	Effect of transition 1 £'000	FRS 102 (as restated) 1 January 2014	As previously stated 31 December	Effect of transition 31 December	FRS 102 (as restated) 31 December
Fixed assets	45,303	(45,116)	187	46,610	(46,542)	68
Investment property	-	93,982	93,982	-	97,491	97,491
Investments	9,450	-	9,450	9,450	-	9,450
Current assets	33,355	-	33,355	32,973	-	32,973
Creditors within one year	(112)	-	(112)	(20)	-	(20)
Net current assets	33,243	-	33,243	32,953	-	32,953
Net assets	87,996	48,866	136,862	89,013	50,949	139,962
Capital & reserves	87,996	48,866	136,862	89,013	50,949	139,962

	As previously stated 31 December 2014	Effect of transition 31 December 2014	FRS 102 (as restated) 31 December 2014
Incoming resources	1,490	-	1,490
Resources expended	(474)	-	(474)
Gain/(loss) on revaluation	-	2,227	2,227
Net surplus for the year	1,016	2,227	3,243

Explanation of changes to previously reported surplus and funds:

On transition to FRS 102, the land and buildings rented to group companies are required to be held as investment property within The Charity's own accounts, but remain as tangible fixed assets in the group financial statements.

Notes to the Financial Statements

33. FRS 102 (continued)

The Group has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

	As previously stated 1 January 2014	Effect of transition 1 £'000	FRS 102 (as restated) 1 January 2014 £'000	As previously stated 31 December 2014	Effect of transition 31 December 2014	FRS 102 (as restated) 31 December 2014
Fixed assets	47,600	-	47,600	48,688	-	48,688
Investments	5	12	17	5	12	17
Current assets	49,706	-	49,706	50,233	-	50,233
Creditors within one year	(484)	-	(484)	(295)	-	(295)
Net current assets	49,222	-	49,222	49,938	-	49,938
Deferred tax	(319)	-	(319)	(304)	-	(304)
Net assets	96,508	12	96,520	98,327	12	98,339
Capital & reserves	96,508	12	96,520	98,327	12	98,339

	As previously stated 31 December 2014 £'000	Effect of transition 31 December 2014 £'000	FRS 102 (as restated) 31 December 2014 £'000
Incoming resources	6,993	-	6,993
Resources expended	(5,174)	-	(5,174)
Gain/(loss) on revaluation	-	-	-
Net surplus for the year	1,819	-	1,819

Explanation of changes to previously reported surplus and funds:

On transition to FRS 102, the investments in listed shares held in the subsidiary company are required to be revalued to fair value at each reporting period.